

AMENDED IN ASSEMBLY AUGUST 22, 2014

AMENDED IN ASSEMBLY AUGUST 18, 2014

AMENDED IN ASSEMBLY JULY 1, 2014

AMENDED IN SENATE MAY 6, 2014

AMENDED IN SENATE APRIL 21, 2014

**SENATE BILL**

**No. 1275**

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**Introduced by Senator De León**

**(Coauthor: Senator Pavley)**

(Coauthors: Assembly Members Bocanegra, Bonta, Garcia, Holden,  
and Ting)

February 21, 2014

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An act to amend Section 44125 of, and to add Chapter 8.5 (commencing with Section 44258) to Part 5 of Division 26 of, the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 1275, as amended, De León. Vehicle retirement and replacement: Charge Ahead California Initiative.

(1) Existing law creates an enhanced fleet modernization program for the retirement of high polluting vehicles to be administered by the Bureau of Automotive Repair pursuant to guidelines adopted by the State Air Resources Board. Existing law requires the program's guidelines to be updated no later than June 30, 2015. Existing law requires the updated guidelines to ensure vehicle replacement be an option for all motor vehicle owners and may be in addition to compensation for vehicles retired, as specified.

This bill would require the updated guidelines to ensure there be a mobility option, as defined, and that the compensation for a mobility option be no less than \$2,500. The bill would authorize the state board to increase the amount of the mobility option as necessary to maximize the air quality benefits of the program while also ensuring participation by low-income motor vehicle owners, as specified. The bill also would require the updated guidelines to ensure the inclusion of car sharing, as specified.

(2) Existing law establishes the Air Quality Improvement Program that is administered by the State Air Resources Board for the purposes of funding projects related to, among other things, reduction of criteria air pollutants and improvement of air quality. Pursuant to the Air Quality Improvement Program, the state board has established the Clean Vehicle Rebate Project to promote the production and use of zero-emission vehicles and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project to provide vouchers to help California fleets to purchase hybrid and zero-emission trucks and buses.

This bill would establish the Charge Ahead California Initiative to be administered by the state board, in consultation with the State Energy Resources Conservation and Development Commission, air pollution control and air quality management districts, and the public. The bill would state that the goals of the initiative are to, among other things, place in service at least 1,000,000 zero-emission and near-zero-emission vehicles by January 1, 2023, and to increase access for disadvantaged, low-income, and moderate-income communities and consumers to zero-emission and near-zero-emission vehicles. The bill would require the state board to ~~adopt, no later than June 30, 2015, a plan to meet the goals of the initiative, commencing in~~ *include, commencing with the Air Quality Improvement Program funding plan for the 2016–17 fiscal year, that includes establishing an estimate for the total funding necessary for specified programs and projects a specified funding plan that includes the immediate fiscal year and a forecast of estimated funding needs for the subsequent 2 years commensurate with meeting the goals of the Charge Ahead California Initiative;* to update the plan at least every 3 years through January 1, 2023; to adopt, no later than June 30, 2015, specified revisions to the criteria and other requirements for the Clean Vehicle Rebate Project; and to establish programs that further increase access to and direct benefits for disadvantaged, low-income, and moderate-income communities and consumers from electric transportation.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. The Legislature finds and declares all of the  
2 following:

3     (a) Seven of the 10 cities with the most severe air pollution in  
4 the United States are in California. California has the largest  
5 proportion of its population, over 40 percent, living close to or  
6 near busy roadways and who may be exposed to an elevated risk  
7 of air pollution and health impacts.

8     (b) California's low-income and disadvantaged populations  
9 continue to face disproportionate impacts from substandard air  
10 quality in the form of higher rates of respiratory illnesses,  
11 hospitalizations, and premature death. Climate change is expected  
12 also to have disproportionate impacts on disadvantaged,  
13 low-income, and other vulnerable communities in California.

14     (c) Residents and businesses annually spend more than \$70  
15 billion in transportation fuel bills.

16     (d) Cars and trucks are the single largest source of greenhouse  
17 gas emissions in California. They also are the largest contributor  
18 to air pollution that harms public health.

19     (e) Zero-emission and near-zero-emission vehicles, including  
20 light-, medium-, and heavy-duty vehicles and buses, can improve  
21 the health and welfare of all residents, especially those in lower  
22 income households and disadvantaged communities, by reducing  
23 air pollution and greenhouse gas emissions.

24     (f) California businesses stand to benefit from increased  
25 deployment of zero-emission and near-zero-emission vehicles  
26 through reduced fuel expenditures and reduced pollution exposure  
27 to workers and communities.

28     (g) California attracts over half of the nation's venture capital  
29 for clean technology and ranks high among the states in the number  
30 of workers and facilities supporting the clean vehicle and electric  
31 vehicle industries.

32     (h) Automakers and truck manufacturers are in early  
33 commercialization of zero-emission and near-zero-emission  
34 vehicles, which can dramatically lower smog and greenhouse gas  
35 emissions even when emissions from the production, distribution,

1 and refining of fuels and the generation of electricity are  
2 considered.

3 (i) Electric utilities are providing clean renewable electricity in  
4 increasing amounts to transportation customers throughout the  
5 state. Charging-service providers are beginning to deploy electric  
6 vehicle charging infrastructure throughout the state. Expanding  
7 the market for zero-emission and near-zero-emission vehicles to  
8 underserved markets in California is a priority.

9 (j) Low-carbon transportation has been identified as an eligible  
10 investment under the Greenhouse Gas Reduction Fund Investment  
11 Plan and Communities Revitalization Act (Chapter 4.1  
12 (commencing with Section 39710) of Part 2 of Division 26 of the  
13 Health and Safety Code). The act has identified low-carbon freight  
14 transport and zero-emission passenger transportation as a  
15 recommended area for investment.

16 (k) It is the goal of the state to place in service at least one  
17 million zero-emission and near-zero-emission vehicles, including  
18 cars, trucks, and buses, by January 1, 2023, and to establish a  
19 self-sustaining zero-emission and near-zero-emission vehicle  
20 market in which zero-emission and near-zero-emission vehicles  
21 are a viable mainstream option for individual vehicle purchasers,  
22 businesses, and public fleets.

23 (l) It is the goal of the state to increase access for disadvantaged,  
24 low-income, and moderate-income communities and consumers  
25 to zero-emission and near-zero-emission vehicles and to increase  
26 the placement of those vehicles in those communities and with  
27 those consumers in order to enhance the air quality, lower  
28 greenhouse gases, and promote overall benefits for those  
29 communities and consumers.

30 SEC. 2. Section 44125 of the Health and Safety Code is  
31 amended to read:

32 44125. (a) No later than July 1, 2009, the state board, in  
33 consultation with the bureau, shall adopt a program to commence  
34 on January 1, 2010, that allows for the voluntary retirement of  
35 passenger vehicles and light-duty and medium-duty trucks that are  
36 high polluters. The program shall be administered by the bureau  
37 pursuant to guidelines adopted by the state board.

38 (b) No later than June 30, 2015, the state board, in consultation  
39 with the bureau, shall update the program established pursuant to  
40 subdivision (a). The program shall continue to be administered by

1 the bureau pursuant to guidelines updated and adopted by the state  
2 board.

3 (c) The guidelines shall ensure all of the following:

4 (1) Vehicles retired pursuant to the program are permanently  
5 removed from operation and retired at a dismantler under contract  
6 with the bureau.

7 (2) Districts retain their authority to administer vehicle  
8 retirement programs otherwise authorized under law.

9 (3) The program is available for high polluting passenger  
10 vehicles and light-duty and medium-duty trucks that have been  
11 continuously registered in California for two years prior to  
12 acceptance into the program or otherwise proven to have been  
13 driven primarily in California for the last two years and have not  
14 been registered in another state or country in the last two years.  
15 The guidelines may require a vehicle to take, complete, or pass a  
16 smog check inspection.

17 (4) The program is focused where the greatest air quality impact  
18 can be identified.

19 (5) (A) Compensation for retired vehicles shall be at least one  
20 thousand five hundred dollars (\$1,500) for a low-income motor  
21 vehicle owner, as defined in Section 44062.1, and no more than  
22 one thousand dollars (\$1,000) for all other motor vehicle owners.

23 (B) Replacement or a mobility option may be an option for all  
24 motor vehicle owners and may be in addition to compensation for  
25 vehicles retired pursuant to subparagraph (A). For low-income  
26 motor vehicle owners, as defined in Section 44062.1, compensation  
27 toward a replacement vehicle or mobility option shall be no less  
28 than two thousand five hundred dollars (\$2,500). Compensation  
29 toward a replacement vehicle for all other motor vehicle owners  
30 shall not exceed compensation for low-income motor vehicle  
31 owners.

32 (C) Compensation for either retired or replacement vehicles or  
33 a mobility option for low-income motor vehicle owners may be  
34 increased as necessary to maximize the air quality benefits of the  
35 program while also ensuring participation by low-income motor  
36 vehicle owners, as defined in Section 44062.1. Increases in  
37 compensation amounts may be based on factors, including, but  
38 not limited to, the age of the retired or replaced vehicle, the  
39 emissions benefits of the retired or replaced vehicle, the emissions  
40 impact of any replacement vehicle, participation by low-income

1 motor vehicle owners, as defined in Section 44062.1, and the  
2 location of the vehicle in an area of the state with the poorest air  
3 quality.

4 (6) Cost-effectiveness and impacts on disadvantaged and  
5 low-income populations are considered. Program eligibility may  
6 be limited on the basis of income to ensure the program adequately  
7 serves persons of low or moderate income.

8 (7) Provisions that coordinate the vehicle retirement and  
9 replacement and mobility option components of the program with  
10 the vehicle retirement component of the bureau's Consumer  
11 Assistance Program, established pursuant to other provisions of  
12 this chapter, to ensure vehicle owners participate in the appropriate  
13 program to maximize emissions reductions.

14 (8) Streamlined administration to simplify participation while  
15 protecting the accountability of moneys spent.

16 (9) Specific steps to ensure the vehicle replacement and mobility  
17 option component of the program is available in areas designated  
18 as federal extreme nonattainment.

19 (10) A requirement that vehicles eligible for retirement have  
20 sufficient remaining life. Demonstration of sufficient remaining  
21 life may include proof of current registration, passing a recent  
22 smog check inspection, or passing another test similar to a smog  
23 check inspection.

24 (d) When updating the guidelines to the program established  
25 pursuant to subdivision (a), the state board shall study and consider  
26 all the following elements:

27 (1) Methods of financial assistance other than vouchers.

28 (2) An option for automobile dealerships or other used car sellers  
29 to accept cars for retirement, provided the cars are dismantled  
30 consistent with the requirements of the program.

31 (3) An incentive structure with varied incentive amounts to  
32 maximize program participation and cost-effective emissions  
33 reductions.

34 (4) Increased emphasis on the replacement of high polluters  
35 with cleaner vehicles or the increased use of public transit and car  
36 sharing that results in the increased utilization of the vehicle  
37 replacement and mobility option component of the program.

38 (5) Increased emphasis on the reduction of greenhouse gas  
39 emissions through increased vehicle efficiency or transit and car  
40 sharing use as a result of the program.

(6) Increased partnerships and outreach with community-based organizations.

(e) For purposes of this section, the following terms have the following meanings:

(1) “Car sharing” has the same definition as in Section 44258.

(2) “Mobility option” means a voucher for public transit or car sharing.

SEC. 3. Chapter 8.5 (commencing with Section 44258) is added to Part 5 of Division 26 of the Health and Safety Code, to read:

CHAPTER 8.5. CHARGE AHEAD CALIFORNIA INITIATIVE

44258. For purposes of this chapter, the following terms have the following meanings:

(a) “Car sharing” means a model of vehicle rental where users can rent vehicles for short periods of time and users are members that have been preapproved to drive.

(b) “Disadvantaged community” means a community identified by the California Environmental Protection Agency pursuant to Section 39711.

(c) “Near-zero-emission vehicle” means a vehicle that utilizes zero-emission technologies, enables technologies that provide a pathway to zero-emissions operations, or incorporates other technologies that significantly reduce ~~both~~ criteria pollutants, *toxic air contaminants*, and greenhouse gas emissions, as defined by the state board in consultation with the State Energy Resources Conservation and Development Commission consistent with meeting the state’s mid- and long-term air quality standards and climate goals.

(d) “Zero-emission vehicle” means a vehicle that produces no emissions of ~~carbon dioxide, carbon monoxide, hydrocarbons, oxides of nitrogen, and particulates~~ *criteria pollutants, toxic air contaminants, and greenhouse gases* when stationary or operating, as determined by the state board.

44258.4. (a) Any moneys utilized by this act from the Greenhouse Gas Reduction Fund, established pursuant to Section 16428.8 of the Government Code, shall be consistent with the appropriations processes and criteria established by the Greenhouse Gas Reduction Fund Investment Plan and Communities

1 Revitalization Act (Chapter 4.1 (commencing with Section 39710)  
2 of Part 2).

3 (b) The Charge Ahead California Initiative is hereby established  
4 and shall be administered by the state board. The goals of this  
5 initiative are to place in service at least 1,000,000 zero-emission  
6 and near-zero-emission vehicles by January 1, 2023, to establish  
7 a self-sustaining *California market for zero-emission and*  
8 ~~near-zero-emission vehicle market vehicles~~ in which zero-emission  
9 and near-zero-emission vehicles are a viable mainstream option  
10 for individual vehicle purchasers, businesses, and public fleets, to  
11 increase access for disadvantaged, low-income, and  
12 moderate-income communities and consumers to zero-emission  
13 and near-zero-emission vehicles, and to increase the placement of  
14 those vehicles in those communities and with those consumers to  
15 enhance the air quality, lower greenhouse gases, and promote  
16 overall benefits for those communities and consumers.

17 (c) The state board, in consultation with the State Energy  
18 Resources Conservation and Development Commission, districts,  
19 and the public, shall do all of the following:

20 ~~(1) No later than June 30, 2015, adopt a plan to meet the goals~~  
21 ~~of the initiative established pursuant to subdivision (b),~~  
22 ~~commencing in the 2016–17 fiscal year, including establishing an~~  
23 ~~estimate for the total funding necessary for programs and projects~~  
24 ~~that include, but are not limited to, any of the following:~~

25 *(1) (A) Include, commencing with the Air Quality Improvement*  
26 *Program funding plan for the 2016–17 fiscal year, a funding plan*  
27 *that includes the immediate fiscal year and a forecast of estimated*  
28 *funding needs for the subsequent two fiscal years commensurate*  
29 *with meeting the goals of this chapter. Funding needs may be*  
30 *described as a range that identifies the projected high and low*  
31 *funding levels needed for the two-year forecast period to contribute*  
32 *to technology advancement, market readiness, and consumer*  
33 *acceptance of zero- and near-zero-emission vehicle technologies.*  
34 *The funding plan shall include a market and technology assessment*  
35 *for each funded zero- and near-zero-emission vehicle technology*  
36 *to inform the appropriate funding level, incentive type, and*  
37 *incentive amount. The forecast shall include an assessment of when*  
38 *a self-sustaining market is expected and how existing incentives*  
39 *may be modified to recognize expected changes in future market*  
40 *conditions.*



1 (B) Projects included in the forecast may include, but are not  
2 limited to, any of the following:

3 (A)

4 (i) The Clean Vehicle Rebate Project, established pursuant to  
5 Section 44274.

6 (B)

7 (ii) Light-duty zero-emission and near-zero-emission vehicle  
8 deployment projects eligible under the Alternative and Renewable  
9 Fuel and Vehicle Technology Program, established pursuant to  
10 Article 2 (commencing with Section 44272) of Chapter 8.9.

11 (C)

12 (iii) Programs adopted pursuant to paragraph (4).

13 (2) Update the plan required pursuant to paragraph (1) at least  
14 every three years through January 1, 2023.

15 (3) No later than June 30, 2015, adopt revisions to the criteria  
16 and other requirements for the Clean Vehicle Rebate Project,  
17 established pursuant to Section 44274, to ensure ~~all of~~ the  
18 following:

19 (A) Rebate levels can be phased down in ~~multiyear~~ increments  
20 based on cumulative sales levels as determined by the state board.

21 (B) Eligibility is limited based on income.

22 (C) Consideration of the conversion to prequalification and  
23 point-of-sale rebates or other methods to increase participation  
24 rates.

25 (4) (A) Establish programs that further increase access to and  
26 direct benefits for disadvantaged, low-income, and  
27 moderate-income communities and consumers from electric  
28 transportation, including, but not limited to, any of the following:

29 (i) Financing mechanisms, including, but not limited to, a loan  
30 or loan-loss reserve credit enhancement program to increase  
31 consumer access to zero-emission and near-zero-emission vehicle  
32 financing and leasing options that can help lower expenditures on  
33 transportation *and prequalification or point-of-sale rebates or*  
34 *other methods to increase participation rates among low- and*  
35 *moderate-income consumers.*

36 (ii) Car sharing programs that serve disadvantaged communities  
37 and utilize zero-emission and near-zero-emission vehicles.

38 (iii) Deployment of charging infrastructure in multiunit  
39 dwellings in disadvantaged communities to remove barriers to  
40 zero-emission and near-zero-emission vehicle adoption by those

1 who do not live in detached homes. *This clause does not preclude*  
2 *the Public Utilities Commission from acting within the scope of*  
3 *its jurisdiction.*

4 (iv) Additional incentives for zero-emission, near-zero-emission,  
5 or high-efficiency replacement vehicles or a mobility option  
6 available to participants in the enhanced fleet modernization  
7 program, established pursuant to Article 11 (commencing with  
8 Section 44125) of Chapter 5.

9 (B) Programs implemented pursuant to this paragraph shall  
10 provide adequate outreach to disadvantaged, low-income, and  
11 moderate-income communities and consumers, including partnering  
12 with community-based organizations.